

SUMMARY ANALYSIS OF AMENDED BILL

Author: Olberg Analyst: Roger Lackey Bill Number: AB 1494
Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 02-24-98
Attorney: Doug Bramhall Sponsor:

SUBJECT: Armed Forces Service Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended January 5, 1998.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO Support.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED January 5, 1998, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would reinstate the prior Military Service Income Credit that expired and was last available for the 1991 taxable year. The credit would be equal to 4% of the total amount of eligible income received by a qualifying taxpayer during the taxable year to a maximum of \$40.

SUMMARY OF AMENDMENT

The February 24, 1998, amendment added back the military income credit language discussed in the department's analysis of the bill as amended January 5, 1998, and eliminated all language regarding the intent of the Legislature to examine the feasibility of authorizing a credit.

The department's analysis of AB 1494 as amended January 5, 1998, still applies. The department's policy and technical considerations are provided below with the suggested amendments.

Policy Considerations

The tax credit provision does not contain a sunset date. Sunset dates

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

☒ X ☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
☐ PENDING

Agency Secretary Position:

☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved _____
Position Disapproved _____
Position Noted _____

Department/Legislative Director Date
Gerald H. Goldberg 3/9/98

Agency Secretary Date

By: Date:

generally are provided for new credits to allow periodic review by the Legislature.

This bill would use the same income limitations as the expired credit. Because of a recent increase in dependent credits the level at which some taxpayers have a tax liability has increased. As a result, some taxpayers may not receive the full tax benefit intended by the author.

Technical Considerations

The language of the bill would describe "eligible income" as salary, wages, bonuses, allowances and other compensations received by an individual for his or her services on extended active duty or on other than extended active duty as a member of the Armed Forces of the United States. Since compensation for extended active duty and other than extended active duty are both considered "eligible income," it would seem redundant to define each in a separate paragraph of the bill. As a result, Amendment 1, 2, and 3 are provided to eliminate this redundancy.

Board Position

The Franchise Tax Board voted at its February 5, 1998, meeting to support this bill.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB/SB/LP/MR
As Introduced/Amended

AMENDMENT 1

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1494
As Amended 02/24/98

AMENDMENT 1

On page 2, line 27, strikeout "on extended active duty".

AMENDMENT 2

On page 2, line 29, after "thereof." strikeout "For the purposes of this" and lines 30 to 33.

AMENDMENT 3

On pages 3, strikeout lines 4 to 8.

@@@Note TO LEGISLATIVE COUNSEL- Renumber remaining paragraphs (4) and (5), and references therein to paragraphs (3) and (4), respectively.